Tourism Indicators 2012

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BCStats

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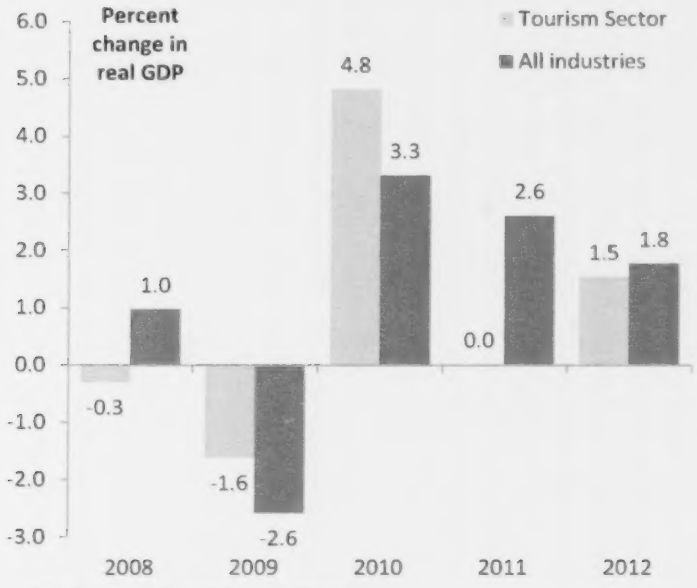
1. Tourism sector gross domestic product



Data Source: BC Stats & Statistics Canada

Tourism sector expanded 1.5% in 2012, but growth remained below all-industry average.

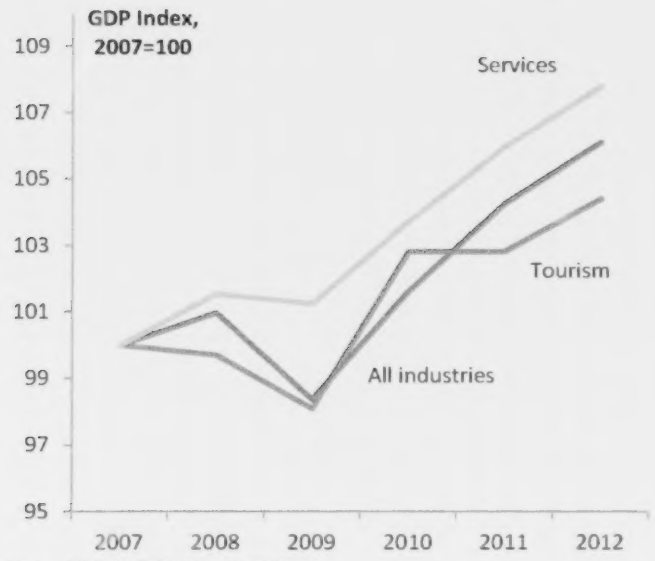
British Columbia's tourism sector grew 1.5%[1] in 2012, after stalling in the previous year. Despite the lack of growth in 2011, the tourism sector maintained the level of activity recorded in the previous year, when the 2010 Winter Olympic Games, held in Vancouver in February, helped boost tourism activity in the province.

The tourism sector felt the effects of the economic downturn in 2007 and 2008, shrinking in both years. However, the overall decline in the tourism sector was not as severe as in the economy as whole. British Columbia's GDP shrank 2.6% in 2009.

In 2012, tourism sector growth remained below the all-industry average. British Columbia's economy expanded 1.8% in 2012, while the service sector increased its output by 1.7%.

Even though it received a boost from the 2010 Olympic Games, the province's tourism sector has not kept pace with the rest of economy over the longer run, as growth in 2011 and 2012 has been well below the average in other industries. Since 2007, the tourism sector has expanded 4.5%. This compares to a 6.1% increase for the economy as whole and a 7.8% increase in the service sector.

[1] GDP estimates in this report are derived from data released by Statistics Canada in November 2013. A description of the methodology used to calculate GDP, employment and other tourism indicators is available in a document entitled, *Measuring the Size of British Columbia's Tourism Sector* at http://www.bcstats.gov.bc.ca

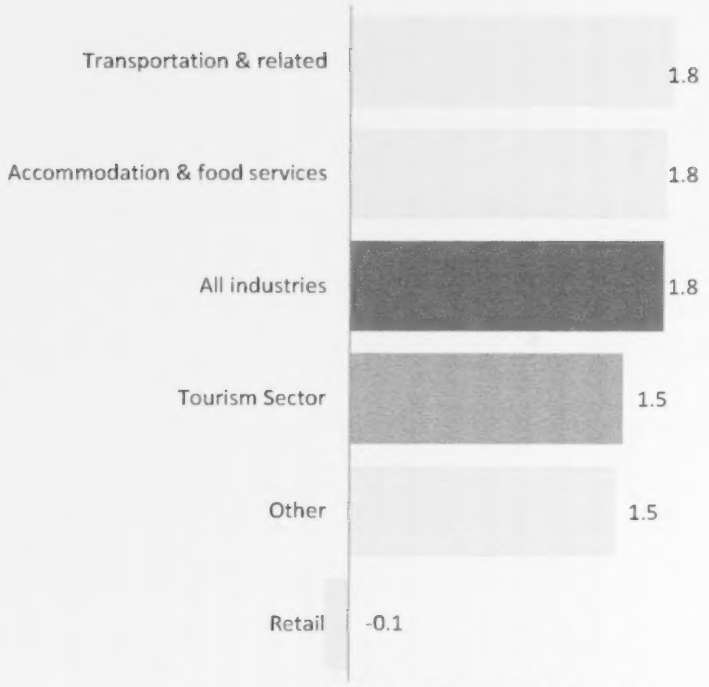


Data Source: BC Stats & Statistics Canada

The tourism sector has not kept pace with the rest of the economy in recent years.

Tourism expenditures are usually discretionary and the sector is greatly affected by factors such as economic, political and social conditions in Canada and other parts of the world. Globally, the recovery from the recession at the end of the last decade has been slow, and economic growth in many countries, including the US, has been weaker than would normally be the case in a post-recession period. This has almost certainly had an effect on British Columbia's tourism sector.

A slowdown in tourism-related retailing offset gains in other industries during 2012.



Percent change in real GDP, 2012

Data Source: BC Stats & Statistics Canada

Within the tourism sector, transportation and related industries, including travel reservation services posted the strongest growth, expanding 1.8% in 2012. This growth was dampened by a continued downturn in the travel agent and tour operators industry. The industry has been on a general downward trend as many travellers are now opting to make their arrangements directly with suppliers of transportation, accommodation and related services rather than through travel agents.

The accommodation and food services industry recovered from a setback (-2.1%) in 2011, expanding 1.8% in 2012. Tourism-related accommodation services expanded 2.2%, while the food services industry advanced just 0.3%.

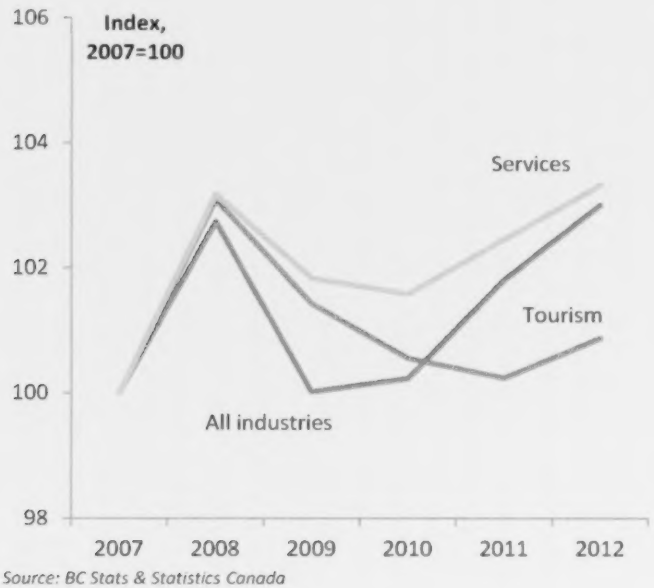
Retailers selling directly to tourists did not fare as well, with tourism-related GDP in this industry shrinking 0.1% in 2012. Retailers of clothing and general merchandise made gains, but these were offset by a downturn in other types of retailing.

Other tourism-related activities include vehicle rentals, repairs, travel insurance, recreation and other personal services. As a whole, tourism-related GDP in these industries expanded 1.5% in 2012, about the same rate of growth as for the tourism sector as a whole.

2. Tourism sector employment

Employment in the tourism sector increased (+0.6%) to 127,300 in 2012, rising for the first time since 2008. While employment in the sector remains below pre-recession levels, the number of British Columbians working in tourism-related activities was the highest it has been since 2009.

Employment in the tourism sector rose for first time since 2008.



Data Source: BC Stats & Statistics Canada

Employment growth in the tourism sector has not kept pace with the rest of the economy since 2007, and in 2012 was only marginally higher (+0.9%) than in 2007. By comparison, employment in the province increased 3.0% over the same period; the increase in the service sector was 3.3%. Within the tourism sector, employment in both retail trade and transportation and related industries has declined since 2007. These declines have largely offset employment growth in accommodation and food services and other tourism industries during the same period.

Half (64,000) of the tourism-related jobs in the province are in accommodation and food services. Tourism-related employment in this industry increased 1.7% in 2012. Transportation, another key tourism employer (24,000), posted even stronger growth of 2.0%. However, the number of people working in the travel arrangement and tour operators industry (7,500) continued to decline (-9.6%).

Employment in tourism-related retail activities was down 0.6% (to 17,000), while employment in other types of tourism-related services was unchanged at 13,800.

2.1. Regional employment trends

Nearly two-thirds of the people who work in the province's tourism sector have jobs in the Vancouver, Coast and Mountains region. About 13% of the workforce is located in Vancouver Island, with about 11% of the workers employed in Thompson-Okanagan. Northern BC (5%), Kootenay Rockies (4%) and Cariboo Chilcotin (2%) account for a relatively small share of the total tourism workforce.

In 2012, tourism employment increased in Vancouver, Coast and Mountains (+2.9%) and Cariboo Chilcotin Coast (+5.0%), but was flat or down in the rest of the province. The largest decline was in Vancouver Island, where employment fell an estimated 6.1% in 2012.

Two out of three tourism sector workers were located in Vancouver, Coast and Mountains.

Regional Tourism Employment, 2012

Data Source: BC Stats & Statistics Canada

3. Tourism sector share of economic activity and employment

Real gross domestic product (GDP) in British Columbia's tourism sector was $7.1 billion in 2012, accounting for 3.7% of the province's total GDP. The sector's share of total GDP has remained relatively stable since 2007, fluctuating between 3.7% and 3.8% of total GDP.

Tourism's share of total economy remains stable.

Tourism-related activities account for about 10% of total GDP in retailing. More than a third of the GDP in accommodation and food services (36%) and transportation and related services (35%) is generated by tourist spending.

Tourism services tend to be fairly labour-intensive, and the tourism sector's share of total employment[2] is significantly larger than its share of total GDP. One in fifteen (6.5%) British Columbians was employed in tourism-related activities in 2012, a share that has remained relatively stable over time.

Tourism's share of total employment in accommodation and food services is much higher, estimated at just over 50%. One in four workers in transportation-related industries is in a job that is supported by tourism spending. In the retail industry, it is estimated that one in eight jobs is tourism-related.

[2] The employment figures presented in this article are calculated using information from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH). To ensure consistency when making comparisons, the all-industry employment total from SEPH is used in this document. This figure differs from the more widely recognized Labour Force Survey (LFS) data. The SEPH data is derived from payroll information and is not as comprehensive as the LFS information because it does not include self-employed workers, or those in industries such as agriculture and fishing. However, the industry details in the SEPH data are considered to be more reliable, because they are based on administrative data sources. Industry data in the Labour Force Survey is based on information supplied by households in the survey sample.

4. Tourism sector wages and salaries

Wages and salaries in the tourism sector rose 4.0% in 2012 after remaining virtually unchanged (+0.2%) in the previous year. Wages in accommodation and food services were up 7.3%, while smaller increases were seen in other tourism industries.

Tourism sector wages rose 4.0% in 2012.

Percent change in Tourism Wages, 2012

Data Source: BC Stats & Statistics Canada

Average weekly earnings in the province's tourism sector increased 3.3%, to $653 in 2012. The increase reflected higher wages in most tourism-related industries. Within the tourism sector, wages were highest in transportation & related industries ($1,011), and lowest in retail trade ($526) and accommodation & food services ($496). Many workers in the food services industry derive a significant portion of their income from tips, and these are not reflected in the average weekly earnings reported in the payroll data.

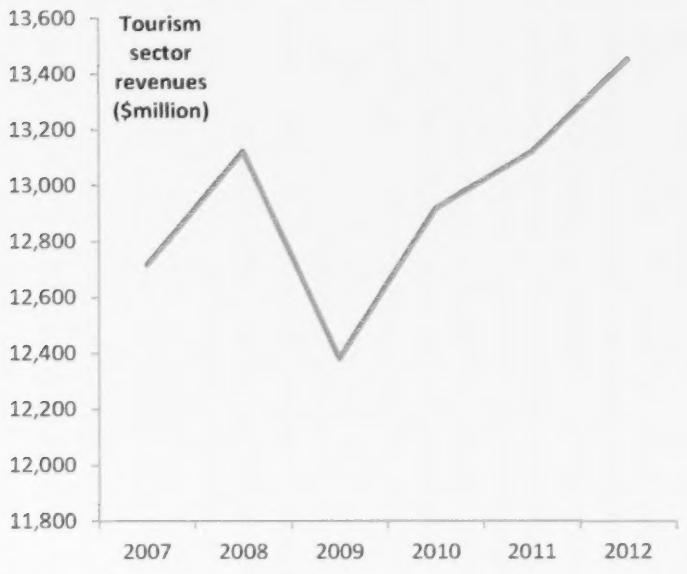
Wages in the tourism sector are generally lower than in the economy as a whole, where earnings averaged $866 weekly in 2012. Weekly earnings in the service sector averaged $821 in 2012.

5. Other tourism sector statistics

5.1. Tourism sector revenues

Tourism sector revenues increased (+2.5%) to $13.5 billion in 2012. Revenue growth in the tourism sector was driven by strong gains in transportation and related industries (+5.0%), together with more modest growth in accommodation and food services (+1.8%) and tourism-related retail trade (+1.3%).

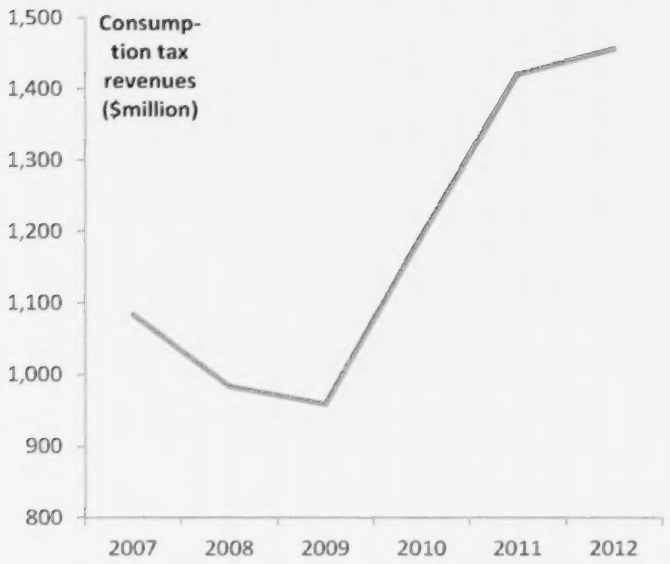
Tourism revenues continued to rise in 2012.



Data Source: BC Stats & Statistics Canada

5.2. Tourism sector tax revenues

Across all levels of government, tourism activities generated an estimated $2.8 billion in tax revenues in 2012, a 4.0% increase over the previous year. Consumption taxes, including the Harmonized Sales Tax (HST) and other taxes (e.g., taxes on gas and air transportation), were estimated at $1.5 billion, an increase of 2.4% over the previous year. The provincial portion of these taxes was estimated at $669 million, while federal revenues originating in tourism expenditures were estimated at $787 million.



Data Source: BC Stats & Statistics Canada

Consumption tax revenues associated with tourism activities increased 2.4% in 2012.

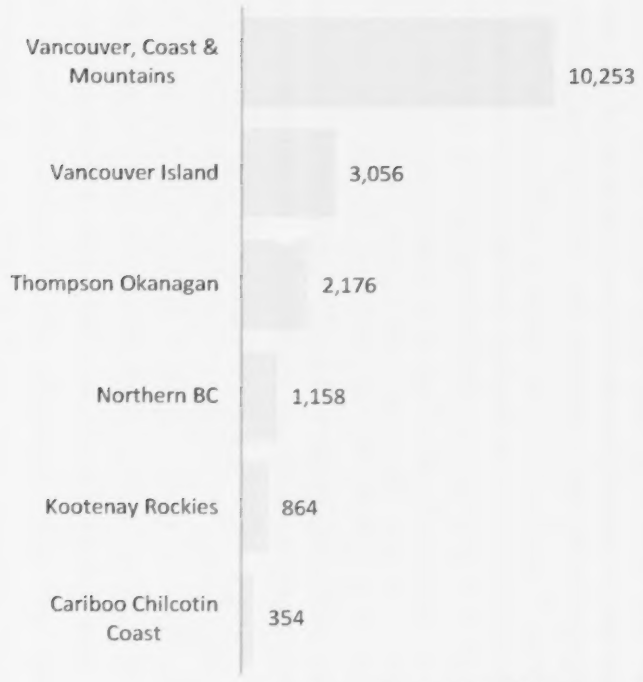
5.3. Tourism sector establishments

There were 18,387 tourism establishments in British Columbia in 2012, a 2.0% increase over the number in the previous year.[3] Most (10,265) of these establishments were in the food and beverage services industry. Transportation (3,350), accommodation (1,844), amusement, gambling & recreation (1,665), performing arts & sports (1,057) and heritage institutions (206) are the other industries included in the tourism establishment counts.

The number of food & beverage (+2.8%), transportation (+2.9%) and performing arts (+6.3%) establishments increased in 2012. However, there were fewer establishments in the accommodation (-2.7%) and amusement, gambling & recreation (-1.7%) industries. The number of heritage institutions was virtually unchanged from 2011.

Vancouver, Coast & Mountains, which is home to more than half of all the province's tourism establishments, saw a 3.7% rise in the number of establishments, from 10,253 to 10,634. Vancouver Island (+1.8%) and Thompson Okanagan (+4.0%), the second and third largest tourism regions in the province, also saw the number of establishments rise in 2012, as did Northern BC (+2.2%). The number of establishments in Kootenay Rockies (-0.6%) and Cariboo Chilcotin Coast (-5.1%) shrank after increasing in the previous year.

[3] The definition of tourism used to develop tourism establishment counts differs from other tourism sector indicators. The figures include all establishments in selected industries that sell directly to tourists.



Number of Tourism Establishments, 2012

Data Source: BC Stats & Statistics Canada

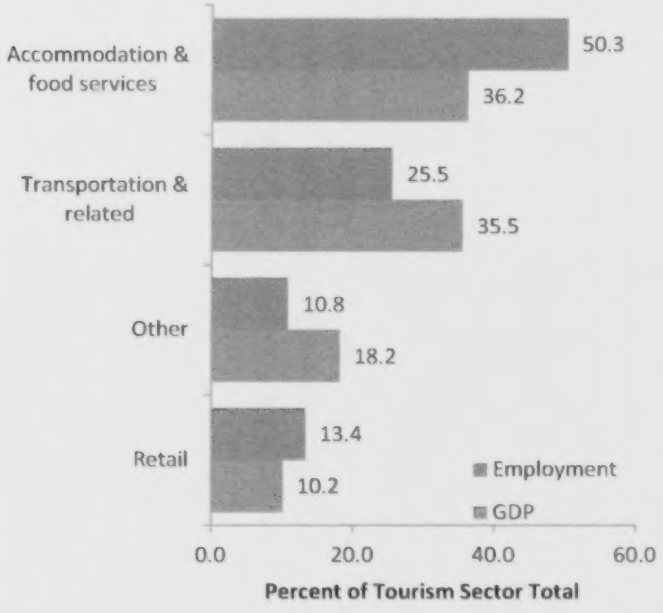
More than half of all establishments were in Vancouver, Coast & Mountains

6. Key tourism industries

Tourists travelling in British Columbia engage in a wide variety of activities, using services such as accommodation & food services, transportation, travel agents, tour operators, retailing, and cultural and recreational services.

Together, accommodation & food services (36%) and transportation & related services (35%) accounted for nearly three-quarters of economic activity in the tourism sector in 2012. The share of GDP generated by retailing activities was 10%, with various other industries contributing the remaining 18% .

Accommodation & food services accounted for the largest share of total GDP and employment in the tourism sector.



Data Source: BC Stats & Statistics Canada

Activities in accommodation & food services include the major accommodation providers, such as hotels and motels, as well as other types of accommodation, such as bed & breakfasts, hostels and vacation rentals. Full and limited-service (e.g., fast food and coffee shops) restaurants, and other types of eating and drinking establishments are also included in this sector.

The largest industries within the transportation & related category are air and water transportation, along with related services (such as airport and harbour operations). Other services in the category include bus, taxi, and rail services, as well as travel arrangement and tour operators.

Within the retail industry, some goods such as gifts, souvenirs, goods from luggage stores, books, clothing, gasoline, and food are purchased by both tourists and non-

tourists. As such, only a portion of sales from retailers who sell these products is attributed to tourist spending.

7. Appendix

More information about the methodology used to calculate these tourism indicators can be found in a document entitled "Measuring the Size of British Columbia's Tourism Sector" found at www.bcstats.gov.bc.ca.

7.1. Revisions to tourism sector data

In November 2012, Statistics Canada released historically revised and rebased estimates of real gross domestic product (GDP) for the period from 2007 on. The GDP figures in this report have been restated to reflect the revised GDP numbers.

Historical revisions to the GDP estimates for the period prior to 2007 were released on December 20, 2013. These numbers will be incorporated in the next release of tourism sector estimates.

Some of the data series used to calculate tourism revenues, wages and other indicators are derived from information published by Statistics Canada in the System of National Accounts. This information was also revised in the fall of 2012, going back to 2007. The revisions have been incorporated into the tourism revenue estimates, and as a result there have been some changes to the estimates. For example, System of National Accounts data on personal expenditures on air transportation is used to calculate tourism revenues originating in air transportation services. Revisions to the SNA data affected the estimated expenditures on air transportation, as well as other related variables, such as commodity taxes which are estimated using this data.

Many of the series used in the calculation of tourism sector revenue, GDP and employment are based on survey data, which are subject to annual revisions as better information becomes available. The data presented in this report reflect information available as of November 2013.

7.2. Gross domestic product

Gross domestic product (GDP) is a measure of the value added to the economy by a particular activity. It is calculated by subtracting the cost of supplies and services used to produce a good or service from total revenues. For example, the price of a restaurant meal covers the cost of food purchased to make the meal, the energy used to cook it, rent and other building expenses, cleaning supplies, accountant's fees, and so on. It also includes a mark-up intended to cover items such as wages, profits and depreciation. Although the restaurant uses food, energy and other inputs, its contribution to GDP is only the value added to the economy by the service it

provides–the difference between the price paid by the consumer and the cost of inputs used by the restaurant.

GDP is measured at basic prices: i.e. including subsidies but excluding indirect taxes on products, which are typically paid by final consumers.

The GDP figures reported in this article have been adjusted to eliminate the effects of price changes over time and are reported in constant (2007) dollars. Previous estimates were reported using 2002 as the base year. The change in base year affects the estimated real GDP levels. In the absence of any revisions to the underlying data, real GDP figures reported in 2007 dollars will be higher than those reported using 2002 dollars if prices have increased between 2002 and 2007. They will be lower if prices have declined.

7.3. Direct tourism employment

Direct tourism employment is a measure of the number of people working in various industries that serve tourists. It includes workers in industries ranging from accommodation & food services to retailing and transportation.

Direct tourism employment estimates are generated by assigning a percentage of total employment in various industries to the tourism sector. These percentages are calculated by BC Stats based on information from various sources.

7.4. Interpreting Shares of Real GDP

Shares of real GDP must be interpreted taking into account the base year that has been used in the calculation, since they reflect not only the relative size of an industry, but also relative price levels in the chosen base year. Shares of current dollar GDP are subject to the same issues not only in the base year, but in every year, since changes can be due to variations in prices and in output.

7.5. Comparing tourism sector estimates to data for other industries

Are tourism sector estimates comparable to data for other industries? Yes, as long as care is taken to ensure that GDP or jobs are not double counted. Since the tourism statistics are calculated by apportioning a share of total GDP or employment in each industry to the tourism sector, the tourism-related component must be subtracted from total GDP or employment in the relevant industries before making any comparisons.

7.6. Tourism sector establishment counts

Establishment counts are useful indicators but in themselves do not necessarily measure the economic impact of a particular industry or group of industries. There is no distinction between large and small businesses in a simple establishment count. For example, if a small motel was replaced by a major resort the accommodation establishment count would not change. However, the resort would likely generate more jobs and revenue than a small motel, which would be a significant economic impact. Even so, it is still informative to know where tourism establishments are placed in B.C., as well as what are the dominant industries and establishment sizes.

8. Data Tables

British Columbia Tourism Sector	2005	2006	2007	2008	2009	2010	2011	2012
Revenue ($ million)	11,275	12,005	12,715	13,125	12,380	12,920	13,125	13,450
% change	6.9	6.5	5.9	3.2	– 5.7	4.3	1.6	2.5
GDP ($ million)			6,840	6,855	6,815	7,295	7,455	7,585
% change				0.2	– 0.6	7.1	2.2	1.8
Real GDP ($2002 million)			6,840	6,820	6,710	7,035	7,035	7,145
% change				– 0.3	– 1.6	4.8	– 0.0	1.5
Implicit price index (2007 = 100)			100.0	100.5	101.5	103.7	105.9	106.2
% change				0.5	1.0	2.2	2.1	0.3
Employment ('000)	117.8	122.4	126.2	130.1	128.0	126.9	126.5	127.3
% change	2.6	3.9	3.1	3.1	– 1.6	– 0.9	– 0.3	0.6
Wages & salaries ($ million)	3,790	4,090	4,095	4,215	4,095	4,165	4,170	4,335
% change	6.2	8.0	0.0	3.0	– 2.8	1.7	0.2	4.0
Consumption taxes ($ million)	1,080	1,085	1,085	985	960	1,195	1,420	1,455
% change	3.8	0.2	0.0	– 9.2	– 2.5	24.6	18.9	2.4

Revenue, GDP, and consumption taxes are preliminary for 2010 on.
Revised GDP estimates for the period before 2007 are not yet available.
Annual percent change is calculated using unrounded data.

Employment by Tourism Region	2005	2006	2007	2008	2009	2010	2011	2012
Vancouver, Coast & Mountains	72,500	73,100	76,800	77,800	79,600	80,500	79,000	81,300
% change	2.7	0.8	5.1	1.3	2.3	1.1	– 1.9	2.9
Vancouver Island	20,400	20,900	19,900	22,300	20,300	18,300	17,900	16,800
% change	5.7	2.5	– 4.8	12.1	– 9.0	– 9.9	– 2.2	– 6.1
Thompson Okanagan	13,100	13,900	14,300	15,400	14,100	14,400	14,600	14,600
% change	1.6	6.1	2.9	7.7	– 8.4	2.1	1.4	0.0
Northern BC	6,400	6,900	7,800	6,900	7,100	6,500	7,100	6,900
% change	– 3.0	7.8	13.0	– 11.5	2.9	– 8.5	9.2	– 2.8
Kootenay Rockies	4,100	5,800	5,000	6,100	5,300	5,300	5,800	5,700
% change	10.8	41.5	– 13.8	22.0	– 13.1	0.0	9.4	– 1.7
Cariboo Chilcotin Coast	1,500	1,900	2,300	1,600	1,700	1,600	2,000	2,100
% change	– 21.1	26.7	21.1	– 30.4	6.3	– 5.9	25.0	5.0
Total	117,800	122,400	126,200	130,100	128,000	126,900	126,500	127,300
% change	2.6	3.9	3.1	3.1	– 1.6	– 0.9	– 0.3	0.6

Total is not exactly equal to the sum of the components, as some establishments do not have a standard geographic code.

Establishments by Region	2005	2006	2007	2008	2009	2010	2011	2012
Vancouver, Coast & Mountains	10,323	10,346	9,964	10,014	10,122	10,167	10,253	10,634
% change	1.5	0.2	– 3.7	0.5	1.1	0.4	0.8	3.7
Vancouver Island	2,994	3,014	2,933	2,998	3,014	3,091	3,056	3,111
% change	0.0	0.7	– 2.7	2.2	0.5	2.6	– 1.1	1.8
Thompson Okanagan	2,302	2,339	2,168	2,231	2,200	2,206	2,176	2,263
% change	– 1.2	1.6	– 7.3	2.9	– 1.4	0.3	– 1.4	4.0
Northern BC	1,202	1,201	1,144	1,132	1,131	1,137	1,158	1,184
% change	– 2.6	– 0.1	– 4.7	– 1.0	– 0.1	0.5	1.8	2.2
Kootenay Rockies	884	882	854	873	862	860	864	859
% change	– 2.1	– 0.2	– 3.2	2.2	– 1.3	– 0.2	0.5	– 0.6
Cariboo Chilcotin Coast	355	365	360	376	357	351	354	336
% change	– 3.8	2.8	– 1.4	4.4	– 5.1	– 1.7	0.9	– 5.1
Total	18,094	18,187	17,662	17,774	17,814	17,943	18,034	18,387
% change	0.3	0.5	– 2.9	0.6	0.2	0.7	0.5	2.0

Total is not exactly equal to the sum of the components, as some establishments do not have a standard geographic code.

Establishments by Size	2005	2006	2007	2008	2009	2010	2011	2012
1-4 employees	8,177	8,256	6,179	6,121	6,177	6,208	6,182	6,386
% change	2.3	1.0	– 25.2	– 0.9	0.9	0.5	– 0.4	3.3
5-9 employees	3,133	3,170	3,886	3,816	3,823	3,830	3,897	4,021
% change	– 4.1	1.2	22.6	– 1.8	0.2	0.2	1.7	3.2
10-19 employees	2,980	2,937	3,538	3,687	3,684	3,576	3,636	3,664
% change	– 0.9	– 1.4	20.5	4.2	– 0.1	– 2.9	1.7	0.8
20-49 employees	2,454	2,438	2,691	2,744	2,744	2,949	2,958	2,943
% change	1.9	– 0.7	10.4	2.0	0.0	7.5	0.3	– 0.5
50-199 employees	1,204	1,220	1,230	1,248	1,230	1,226	1,223	1,238
% change	– 1.4	1.3	0.8	1.5	– 1.4	– 0.3	– 0.2	1.2
200+ employees	146	166	138	158	156	154	138	135
% change	5.8	13.7	– 16.9	14.5	– 1.3	– 1.3	– 10.4	– 2.2
Total	18,094	18,187	17,662	17,774	17,814	17,943	18,034	18,387
% change	0.3	0.5	– 2.9	0.6	0.2	0.7	0.5	2.0

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